

Message Text

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SUBJECT: INTSUM 341 - JUNE 20, 1977

1. ISRAEL. THE LIKUD SIGNED A FORMAL COALITION AGREEMENT YESTERDAY WITH THE NATIONAL RELIGIOUS PARTY (NRP) AND THE SMALL AGUDAT ISRAEL PARTY. THE LIKUD-LED COALITION--SLATED TO BE SWORN IN TODAY--WILL HAVE A SLIM KNESSET MAJORITY (61 SEATS OF 120), BUT CAN BE EXPECTED TO GAIN THE UNOFFICIAL SUPPORT OF POALEI AGUDAT ISRAEL (1 SEAT), AND FLATTO-SHARON (1). MOSHE DAYAN, ASSUMING HE OPTS TO RETAIN HIS SEAT, WILL ADD ANOTHER KNESSET VOTE.

2. AS WE HAVE MENTIONED EARLIER, A BEGIN GOVERNMENT, IN EFFECT HAVING 64 VOTES, WILL LIKELY PROVE TO BE DURABLE. EMBASSY TEL AVIV NOTED THAT MANY OF THE GOVERNMENT'S MEMBERS HAVE WAITED IN OPPOSITION FOR A LONG TIME AND THUS WILL BE UNLIKELY TO DO ANYTHING WHICH WOULD THREATEN THE COALITION'S COHESION. MOREOVER, THE LACK OF STRONG PERSONALITIES AMONG THE LIKUD AND ITS COALITION PARTNERS
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SEEMS TO ASSURE THAT BEGIN'S FORCEFUL PERSONALITY WILL SERVE TO HOLD HIS GOVERNMENT TOGETHER AND LIMIT CHALLENGES TO HIS AUTHORITY. BEGIN'S HEALTH IS THE ONE UNKNOWN FACTOR; IF HE IS INCAPACITATED, THE ENTIRE POLITICAL SCENE WILL BE SIGNIFICANTLY CHANGED.

3. THE LIKUD'S COALITION NEGOTIATIONS WITH THE DMC PROVIDE SOME INDICATIONS OF HOW BEGIN WILL LIKELY PERFORM AS PRIME MINISTER. HE SHOWED LITTLE OF THE MODERATION OR CAPACITY FOR COMPROMISE SOME EXPECTED WHEN HE FELT THE

WEIGHT OF GOVERNMENT RESPONSIBILITY. INDEED, HIS PRESENCE AT THE TABLE IN THE LATTER STAGES OF THE TALKS SEEMED TO HARDEN LIKUD'S POSITION. HE DOMINATED THE TALKS, AND OVER- RULED THOSE OF LIKUD'S LIBERAL PARTY FACTION WHO PRIVATELY SEEMED MORE WILLING TO COMPROMISE WITH THE DMC. DURING THE NEGOTIATING SESSIONS, THEY DEFERRED TO HIS VIEW. FOR THE MOST PART, BEGIN MADE HIS MINISTERIAL APPOINTMENTS WITHOUT SERIOUSLY CONSULTING HIS LIKUD COLLEAGUES, AN INDICATION THAT HE WILL GOVERN IN A DECISIVE PRESIDENTIAL MANNER, AS OPPOSED TO THE MORE COLLEGIAL METHOD OF RABIN'S CABINET.

4. US-ISRAELI RELATIONS WILL BE ONE OF BEGIN'S PRIME CONCERNS AS PRIME MINISTER; AFTER THE SIGNING OF THE COALITION AGREEMENT, HE ANNOUNCED THAT HE WOULD VISIT THE US IN JULY FOR CONSULTATIONS WITH PRESIDENT CARTER. BEGIN IS EXPECTED TO PRESS HIS HAWKISH POSITIONS HARD, AND IS CONVINCED THAT HE CAN PERSUADE US LEADERS TO "COME AROUND" TO HIS VIEW.

5. MANY ISRAELIS PREDICT THAT US-ISRAELI RELATIONS WILL BECOME MORE DIFFICULT UNDER BEGIN, AND POINT TO WHAT THEY PERCEIVE AS DISTURBING REMARKS BY PRESIDENT CARTER AS
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INDICATIONS THAT THE US WILL PRESSURE ISRAEL TO ACCEPT UNPALATABLE COMPROMISES ON KEY ISSUES. VICE PRESIDENT MONDALE'S SPEECH OVER THE WEEKEND AND PRESIDENT CARTER'S MEETING WITH RABBI GOREN, SEEM TO HAVE DONE LITTLE TO AMELIORATE THESE FEARS.

6. UNNAMED ISRAELI OFFICIALS HAVE EXPRESSED CONCERN THAT THE US DECISION TO PREVENT ISRAEL FROM USING DOLLARS 90 MILLION IN AID TO BUY TWO BOEING COMMERCIAL AIRCRAFT WAS THE "FIRST SIGN" OF US ECONOMIC PRESSURE ON ISRAEL. THEY REPORTEDLY CLAIMED THAT THEY HAD BEEN GIVEN THE IMPRESSION THAT THE REQUEST WOULD BE APPROVED, ONLY TO HAVE IT BLOCKED BY THE STATE DEPARTMENT. IT HAS BEEN IMPLIED THAT THIS WAS AN OMINOUS INDICATION THAT THE US WOULD BE TOUGH ON ISRAEL NOW THAT BEGIN WAS TO BE PRIME MINISTER AND WAS THE FIRST TIME THE STATE DEPARTMENT HAD INTERVENED REGARDING NON-MILITARY AID.

7. THE ATTITUDE OF THESE ISRAELI OFFICIALS APPEARS TO REFLECT THE CONCERN IN ISRAEL THAT THE US, IN THE INTEREST OF MAKING PROGRESS TOWARD A PEACE SETTLEMENT, WILL USE WHATEVER PRESSURE IT CAN TO FORCE ISRAEL TO MAKE

COMPROMISES. DIFFERENCES BETWEEN US AND ISRAELI POLICIES ON KEY MIDEAST ISSUES -- SUCH AS THE EXTENT OF ISRAELI WITHDRAWAL AND THE NEED FOR A PALESTINIAN HOMELAND -- REINFORCE THESE ISRAELI FEARS AND RAISE THE SPECTER, IN

THEIR VIEW, OF A US-IMPOSED SETTLEMENT.

8. LABOR WILL PROBABLY LOSE ITS MAJORITY OF CONVENTION SEATS IN THE HISTADRUT ELECTION TOMORROW (IT WON 58 PERCENT IN 1973) AND HAVE TO FORM A COALITION WITH YADIN'S DEMOCRATIC MOVEMENT FOR CHANGE (DMC) AND SOME SMALLER PARTIES. THIS OUTCOME WILL HAVE LIMITED SIGNIFICANCE FOR THE ISRAELI POLITICAL PROCESS IN THE SHORT TERM, BUT IT WILL ADVERSELY AFFECT LABOR PARTY MORALE AND THE PUBLIC SECRET

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PERCEPTION OF LABOR'S PROSPECTS FOR OUSTING LIKUD IN THE NEXT GENERAL ELECTION.

9. HISTADRUT HAS LONG BEEN A BASTION OF LABOR PARTY STRENGTH. ITS MEMBERSHIP ENCOMPASSES THE BULK OF THE WORKING POPULATION OF ISRAEL; IT OWNS NUMEROUS INDUSTRIAL ENTERPRISES, WHICH ACCOUNT FOR ABOUT 20-25 PERCENT OF ISRAELI ECONOMIC ACTIVITY; AND IT HAS A MULTITUDE OF PATRONAGE OPPORTUNITIES THANKS TO THESE OPERATIONS, ITS KUPAT HOLIM SICK FUND, AND ITS COMPREHENSIVE NETWORK OF SOCIAL AND EDUCATIONAL SERVICES.

10. HISTADRUT HAS SUFFERED A SERIOUS EROSION OF POWER AND CREDIBILITY OVER THE YEARS. THE BUREAUCRATIZATION OF THE ORGANIZATION, THE REMOTENESS OF ITS LEADERS FROM THE WORKERS, AND THEIR APPARENT WILLINGNESS TO SACRIFICE THE WORKERS' INTERESTS TO ACCOMMODATE THE DEMANDS OF SUCCESSIVE LABOR-DOMINATED GOVERNMENTS HAVE LED TO WIDESPREAD DISCONTENT AMONG THE RANK-AND-FILE. (THIS IS ESPECIALLY TRUE AMONG ORIENTAL JEWS, WHO OCCUPY THE BOTTOM RUNGS OF THE EMPLOYMENT LADDER AND WHO VOTED HEAVILY FOR LIKUD IN MAY.) AS UNAUTHORIZED STRIKES HAVE INCREASED, TENSION BETWEEN VARIOUS UNIONS HAS INTENSIFIED.

11. LABOR'S EFFORTS TO RETAIN CONTROL OVER THE HISTADRUT HAVE BEEN HANDICAPPED BY A NUMBER OF FACTORS. THESE INCLUDE PERSISTENT BICKERING WITHIN THE LABOR PARTY; COMPETITION FROM THE DMC; SECRETARY GENERAL MESHEL'S UNCHARISMATIC LEADERSHIP; GROWING DISCONTENT AMONG THE ORIENTAL COMMUNITY WITH THE EASTERN EUROPEAN POWER STRUCTURE; AND A POPULAR LIKUD CANDIDATE IN THE PERSON OF DAVID LEVY, AN ORIENTAL JEW AND FORMER CONSTRUCTION WORKER.

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12. WHATEVER THE RESULTS OF THE HISTADRUT ELECTION, THE POWER OF THE GOVERNMENT AND THE KNESSET ARE SO FORMIDABLE THAT EVEN AN AUDACIOUS, DISCIPLINED LEADERSHIP SURE OF RANK-AND-FILE SUPPORT WOULD NOT READILY THREATEN THE

GOVERNMENT WITH MASSIVE OPPOSITION IN THE FORM OF STRIKES. THE REAL PROBLEM FOR BEGIN WILL BE TO BRING MILITANT, WILDCATTING UNIONS AND GROUPS OF WORKERS UNDER CONTROL. HE MUST ALSO DEFLECT PRESSURES FROM LIKUD'S LIBERAL PARTY ELEMENT FOR FREE ENTERPRISE ECONOMIC POLICIES THAT WOULD EXACERBATE LABOR UNREST, WHILE NOT ALIENATING THE BLUE-COLLAR WORKERS, WHO ARE AN IMPORTANT COMPONENT OF LIKUD'S ELECTORAL BASE.

13. THE LONDON SUNDAY TIMES CHARGED YESTERDAY THAT ISRAEL HAS BEEN SYSTEMATICALLY TORTURING POLITICAL PRISONERS. ALL OF ISRAEL'S SECURITY SERVICES WERE IMPLICATED IN THE ALLEGED TORTURING. THE PAPER SAID IT OBTAINED THE INFORMATION DURING A FIVE-MONTH PROBE OF ISRAELI ACTIVITIES IN THE OCCUPIED WEST BANK AND THE GAZA STRIP.

14. OUR JERUSALEM CONSULATE GENERAL LEARNED FROM A BRITISH COLLEAGUE THAT THE JEWISH AGENCY HAS PLANS TO ESTABLISH A LINE OF SIX SETTLEMENTS ON THE WEST BANK ROUGHLY SIX KILOMETERS INSIDE THE PRE-1967 BORDERS. THE SETTLEMENTS ARE INTENDED TO DEFINE THE WESTERN LIMITS OF THE "ALLON PLAN," A JEWISH AGENCY OFFICIAL SAID. THE OFFICIAL DOES NOT KNOW HOW THESE PLANS WOULD BE AFFECTED BY BEGIN'S GOVERNMENT, BUT SAID THAT A LARGE NUMBER OF SETTLEMENTS COULD BE FOUNDED ON SHORT NOTICE SHOULD BEGIN OPT TO DO SO FOR POLITICAL REASONS. (CONFIDENTIAL)

15. LEBANON. THERE WAS LITTLE CHANGE IN THE SITUATION IN SOUTHERN LEBANON OVER THE WEEKEND. SHELLING CONTINUED BETWEEN THE PALESTINIANS AND THE RIGHTISTS WITH FEW CASUALTIES. EMBASSY BEIRUT REPORTED THAT WESTERN
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JOURNALISTS WHO VISITED THE THE AREA LAST WEEK HAD SEEN FEW SIGNS THAT THE SITUATION WAS READY TO EXPLODE.

16. A DISQUIETING NOTE WAS RIGHTIST COMMANDER HADDAD'S PUBLIC ALLEGATION THAT SYRIAN REGULAR UNITS WERE ASSISTING THE PALESTINIANS IN SHELLING RIGHTIST AREAS. THIS STATEMENT APPEARS DESIGNED TO BUILD A CASE FOR MORE DIRECT ISRAELI ASSISTANCE. THE ISRAELIS, THE SYRIANS, AND THE LEBANESE GOVERNMENT HAVE NOT RESPONDED TO THESE CHARGES. WHEN SIMILAR ACCUSATIONS WERE MADE IN APRIL (AND WERE PROBABLY TRUE), THE SYRIANS DENIED THEM IMMEDIATELY. IN AN UNCONVINCING DISPLAY OF BRAVADO, HADDAD ALSO REPORTEDLY INFORMED LEBANESE ARMY HEADQUARTERS THAT HE WAS GOING TO ATTACK THE PALESTINIANS.

17. EMBASSY DAMASCUS REPORTS THAT THE SYRIAN MEDIA HAVE BEEN PUBLICIZING EFFORTS TO CREATE A NATIONAL FRONT IN LEBANON. THE EARLY PHASE OF LAYING THE FOUNDATION FOR THE FRONT CULMINATED JUNE 16 WITH THE UNVEILING OF THE FRONT'S

PLATFORM, WHICH GENERALLY CALLS FOR THE ABOLITION OF SECTARIANISM IN LEBANON, CONTINUED SYRO-LEBANESE COOPERATION, AND THE PARTICIPATION OF LEBANON WITH SYRIA IN AN EASTERN FRONT AGAINST ISRAEL. AS YET, HOWEVER, THE FRONT DOES NOT SEEM TO BE MAKING MUCH HEADWAY.

18. THE WORLD BANK YESTERDAY ANNOUNCED LOANS TOTALLING DOLLARS 122.5 MILLION TO SYRIA AND EGYPT. SYRIA WILL RECEIVE DOLLARS 50 MILLION AND EGYPT THE REMAINDER.

19. THE PEOPLE'S ASSEMBLY HAS APPROVED A LAW PERMITTING THE ESTABLISHMENT OF POLITICAL PARTIES IN EGYPT FOR THE FIRST TIME SINCE 1952. THE GOVERNMENT WILL CONTINUE TO CONTROL THE ESTABLISHMENT OF SEPARATE POLITICAL GROUPS
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THROUGH PROVISIONS IN THE NEW LAW WHICH SET UP AN ARAB SOCIALIST UNION "CREDENTIALS COMMITTEE" ON WHICH GOVERNMENT STALWARTS HOLD AN AUTOMATIC MAJORITY. IN ADDITION TO THE THREE EXISTING PARTIES, ONE OR TWO MORE MAY BE FORMED, EMBASSY CAIRO COMMENTED.

20. EGYPT HAS PUBLICLY REJECTED PROPOSALS PUT FORWARD BY LIBYA AND YEMEN TO HOLD AN ARAB SUMMIT CONFERENCE. THERE WAS NOTHING NEW OR URGENT TO NECESSITATE HOLDING SUCH A CONFERENCE, A FONMIN SPOKESMAN SAID IN CAIRO. (CONFIDENTIAL)

21. SYRIA. PRESIDENT ASSAD, SPEAKING TO DANISH JOURNALISTS, DIVIDED THE PALESTINIAN PROBLEM INTO TWO PARTS. FIRST, A PALESTINIAN STATE "MIGHT BE ESTABLISHED" ON THE WEST BANK AND GAZA. SECOND, SINCE SUCH A STATE COULD NOT ABSORB ALL PALESTINIANS, IT IS NECESSARY TO SOLVE THE REFUGEE PROBLEM BY ALLOWING THEM THE RIGHT TO RETURN TO THEIR PRE-1948 HOMES AS SPECIFIED IN UN RESOLUTIONS. EMBASSY DAMASCUS COMMENTED THAT ASSAD HAS NOT PREVIOUSLY USED THIS FORMULATION, WHICH LINKS THE ISSUES OF A PALESTINIAN STATE AND THE REFUGEE PROBLEM. (LIMITED OFFICIAL USE).

22. IRAQ. WE HAVE HAD NUMEROUS REPORTS ABOUT CONTINUING INTERNAL DIFFICULTIES. THE CURRENT WAVE OF DISCONTENT STEMS PRIMARILY FROM THE AFTEREFFECTS OF THE ANTI-GOVERNMENT DEMONSTRATIONS BY SHIITES IN SOUTHERN IRAQ LAST FEBRUARY. IT HAS BEEN EXACERBATED BY RENEWED LIMITED KURDISH ACTIVITY AFTER LAST YEAR'S LULL; IRAQ'S CONTINUING

ISOLATION IN THE ARAB WORLD AND ITS FEUD WITH SYRIA; THE FAILURE OF IRAQI FOREIGN POLICY, PARTICULARLY CASUALTIES IN LEBANON; AND INCREASING ALIENATION OF THE RULING ELITE FROM THE PUBLIC.

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23. WE BELIEVE, HOWEVER, THAT REGIME STRONGMAN SADDAM HUSAYN IS UNLIKELY TO FACE A SERIOUS THREAT TO HIS RULE IN THE SHORT RUN. HE HAS ESTABLISHED A STRONG CADRE OF SUPPORTERS DURING HIS MANY YEARS IN OFFICE AND HAS ELIMINATED THOSE WHO COULD SPEARHEAD THE OPPOSITION. NEVERTHELESS, THE INCREASED SECURITY MEASURES IN BAGHDAD PROBABLY REFLECT CONCERN ON THE PART OF THE IRAQI LEADERSHIP, AND WE CANNOT WHOLLY DISCOUNT THE POSSIBILITY OF SOME ANTI-REGIME ACTION. (SECRET) VANCE

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